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Governor

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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

November 29, 2010

FEDEX

Gordon Blankstein
Chief Consolidated Mining Co.
999 West Hastings Street, Suite 890
Vancouver, British Columbia V6C 2W2
Canada

Subject: Division Directive, Bonding Requirements, Chief Consolidated Mining Co., Tintic Operations, M/049/0062, Utah County, Utah

Dear Mr. Blankstein:

Pursuant to the Utah Mined Land Reclamation Act and the Rules promulgated, mining operators are to provide, and maintain adequate reclamation surety for the duration of a mining project. Since August 19, 2009, the Division has informed you of the need to either have a Certificate of Deposit with Wells Fargo Bank in the amount of \$39,800.00 (US dollars) retitled so that the Division is named as beneficiary (and can recognize it as part of your surety obligation), or provide another form of surety for this amount. It was suggested at one time to increase the current cash bond account by this amount. To date, the Division has no evidence that this has been completed and therefore the current surety amount is not adequate.

You are hereby directed to provide an additional \$39,800.00 surety in an acceptable form to the Division by January 3, 2011. Failure to do so may result in formal enforcement action, including the assessment of civil penalties, and/or a withdrawal of the permit and an order to immediately reclaim your mining related disturbances. Please contact Penny Berry at (801) 538-5291 or email at bondcoordinator@utah.gov for any assistance you may need regarding acceptable forms of surety.

If you have questions or concerns regarding this letter, please contact me at (801) 538-5261 or Lynn Kunzler at (801) 538-5310. Thank you for your help in completing this very important regulatory requirement.

Sincerely,

Paul B. Baker
Minerals Program Manager

PBB:lk:pb

cc: Penny Berry, DOGM

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